

Message Text

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TO AMEMBASSY BRIDGETOWN PRIORITY

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USMISSION EC BRUSSELS

AMEMBASSY PORT OF SPAIN

AMEMBASSY KINGSTON

AMEMBASSY GEORGETOWN

C O N F I D E N T I A L STATE 024951

E.O. 11652, GDS

TAGS: ECON, BB

SUBJ: PRIME MINISTER BARROW MEETING WITH ASSISTANT
SECRETARY KUBISCH

SUMMARY: DURING MEETING WITH ASSISTANT SECRETARY KUBISCH
FEBRUARY 4 AT HIS REQUEST PRIME MINISTER BARROW (BARBADOS)
SAID THAT THE COMMONWEALTH CARIBBEAN HEADS OF GOVERNMENT
WOULD HENCEFORTH RESERVE TO THEMSELVES DECISIONS ON THE
MARKETING OF SUGAR. HE ALSO STATED THAT THE WEST I*DIES
WISHED TO MAINTAIN OR INCREASE ITS TRADITIONAL US QUOTA AND
PROMISED THAT THIS QUOTA WOULD RECEIVE PRIORITY OVER ANY
OTHER EXPORT COMMITMENTS. BARROW EXPRESSED THE HOPE THAT
THE QUOTA SYSTEM WOULD BE MAINTAINED AND THAT THE FULL
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WEST INDIAN QUOTA WOULD BE RESTORED. ASSISTANT SECRETARY

KUBISCH SAID THAT HE UNDERSTOOD AND APPRECIATED BARROW'S CONCERNS OVER SUGAR AND STATED THAT THE US WISHED TO BE HELPFUL. MR. KUBISCH EMPHASIZED THE IMPORTANCE OF SECRETARY KISSINGER'S MEETING IN MEXICO CITY. PRIME MINISTER BARROW FAVORED US WITH HIS VIEWS ON THE GRENADA SITUATION. END SUMMARY.

1. AT HIS INITIATIVE PRIME MINISTER BARROW (BARBADOS) CALLED ON ASSISTANT SECRETARY KUBISCH FEB 4. ACCOMPANIED BY AMBASSADOR VALERIE MCCOMIE; CHARLES SKEETE, PERMANENT SECRETARY, MINISTRY OF FINANCE AND PLANNING;

STEVE EMTAGE, DIRECTOR OF PLANNING, MINISTRY OF FINANCE.

2. BARROW STATED THAT HE HAD JUST COME FROM KINGSTON WHERE HE HAD DISCUSSED FUTURE WEST INDIAN SUGAR PRODUCTION WITH PRIME MINISTERS MANLEY AND BURNHAM. PAST DECISIONS ON MARKETING OF WEST INDIAN SUGAR SAID BARROW HAD BEEN MADE BY WEST INDIES SUGAR ASSOCIATION WITHOUT CONSULTING GOVERNMENTS. THE PRIME MINISTER INDICATED THAT HENCEFORTH THE RESPECTIVE WEST INDIAN GOVERNMENTS WILL BE HEAVILY INVOLVED IN THESE DECISIONS. BECAUSE OF THE NEED TO INCREASE FOREIGN EXCHANGE WEST INDIAN GOVERNMENTS HAVE DECIDED TO PUT GREATER EMPHASIS ON US MARKET. TO SUM UP, SAID BARROW, IT IS A "DIFFERENT BALL GAME" AND ALL FOUR GOVERNMENTS (BARBADOS, TRINIDAD AND TOBAGO, JAMAICA AND GUYANA) HAVE DECIDED TO EMPHASIZE THE US MARKET FIRST AND WILL NOT ENTER INTO ANY OTHER ARRANGEMENTS WHICH MIGHT JEOPARDIZE THIS. BARROW SAID THE WEST INDIES HAD BEEN NEGOTIATING TERMS OF ACCESS FOR WEST INDIAN SUGAR IN THE EEC AFTER THE EXPIRATION OF THE COMMONWEALTH SUGAR AGREEMENT FOR THE PAST 18 MONTHS WITHOUT RESULT. THE NEGOTIATIONS WILL NOW HAVE TO PROCEED HE SAID IN THE LIGHT OF THIS DECISION ON MARKET PRIORITIES.

3. ASSISTANT SECRETARY KUBISCH REPLIED THAT HE FULLY UNDERSTOOD THE IMPORTANCE OF SUGAR TO THE ECONOMIES OF THE CARIBBEAN. HE STATED THAT THE US HAD TRIED TO REFLECT A MAXIMUM UNDERSTANDING OF CARIBBEAN ECONOMIC PROBLEMS. HE SAID WE WOULD STUDY THE PRIME MINISTER'S REMARKS CAREFULLY
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AND ASSURED PRIME MINISTER BARROW WE WISHED TO BE HELPFUL. MR. KUBISCH NOTED THAT THERE HAD BEEN ALLEGATIONS FOLLOWING THE CUT IN THE WEST INDIES 1974 QUOTA RESULTING FROM PAST SHORTFALLS THAT THIS ACTION HAD BEEN RETALIATORY IN RESPONSE TO CERTAIN DECISIONS TAKEN BY THE WEST INDIAN GOVERNMENTS. MR. KUBISCH EMPHASIZED THIS WAS SIMPLY NOT TRUE AND SAID THAT U.S. RESPECTED THE RIGHTS OF CARIBBEAN COUNTRIES TO

MAKE THEIR OWN DECISIONS. ON SUGAR, MR. KUBISCH POINTED OUT THERE ARE SEVERAL VARIABLES INVOLVED IN THE SUGAR EQUATION AND SAID HE COULD NOT ASSURE THEM WHAT THE RESULT WOULD BE. HE SAID, HOWEVER, HIS PERSONAL ASSESSMENT WOULD BE THAT IT WAS LIKELY THAT LEGISLATION INCORPORATING A QUOTA SYSTEM WOULD BE MAINTAINED.

4. PRIME MINISTER BARROW INDICATED THAT ALTHOUGH THE WEST INDIES HAD NOT FILLED ITS 1973 US QUOTA, FUTURE QUOTAS WOULD BE MET IN FULL. MR. KUBISCH ASKED IF BARROW WAS SUGGESTING THAT THE FULL WEST INDIAN QUOTA BE RESTORED? AMBASSADOR MCCOMIE ANSWERED THAT THE PRIME MINISTER HAD TALKED TO REPRESENTATIVE POAGE THIS MORNING AND THAT POAGE

HAD SAID HE WAS INTRODUCING A BILL WHICH WOULD EXTEND THE SUGAR ACT WITHOUT CHANGE. MCCOMIE SAID THE WEST INDIES WAS ANXIOUS TO MAINTAIN AT LEAST THE 4.12 PER CENT OF THE TOTAL (NON-PHILIPPINE) QUOTA SET OUT IN THE SUGAR ACT. MCCOMIE ASKED IF THE SYMPATHY THE US HAD SHOWN IN THE PAST WOULD BE CONTINUED. MR. KUBISCH POINTED OUT THAT THE EXECUTIVE BRANCH HAD NOT DECIDED IF IT WOULD SUPPORT A CONTINUED SUGAR QUOTA SYSTEM AND THERE WERE STILL SEVERAL DIFFERENT VIEWS HELD WITHIN THE EXECUTIVE BRANCH. MR. KUBISCH SAID THAT HIS PERSONAL VIEW WAS THAT THERE WAS REASONABLY GOOD CHANCE THE ADMINISTRATION WOULD RECOMMEND RETENTION OF THE QUOTA SYSTEM. THE ULTIMATE DECISION, HOWEVER, BELONGED WITH THE CONGRESS.

5. ON THE QUESTION OF THE PRESENT QUOTA YEAR, IT WAS EXPLAINED TO THE PRIME MINISTER THAT 413,000 TONS ABOVE AND BEYOND ASSIGNED QUOTAS HAD BEEN OPENED UP TO BID ON A FIRST-COME, FIRST-SERVED BASIS. HE WAS INFORMED THAT THE WEST INDIES HAD ALREADY APPLIED FOR 50,000 TONS (40,000
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TONS FROM GUYANA, 10,000 FROM JAMAICA), AND SOME 100,000 TONS REMAINED UNBID AND STILL AVAILABLE IF BARBADOS WISHED TO PARTICIPATE. BARROW ASKED IF IT WAS NECESSARY TO SHIP BY MARCH 15 IN ORDER TO OBTAIN PART OF THIS SPECIAL REALLOCATION AND WAS TOLD THAT IT WAS ONLY NECESSARY TO MAKE
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